Registre de Commerce et des Sociétés
B121640 - L150118611
déposé le 07/07/2015

MENTION

Nom de la Société	:	**PRECISION CAPITAL S.A.** Société Anonyme
Siège Social	:	15, boulevard Roosevelt L-2450 LUXEMBOURG
N° du R.C.S.	:	B-121.640

CDD : **687**

Les comptes annuels au 31.12.2014
ont été enregistrés et déposés au Registre de Commerce et des Sociétés de Luxembourg.

Pour mention aux fins de publication au Mémorial, Recueil Spécial des Sociétés et Associations.

Luxembourg, le 6 juillet 2015

Signature :

FIDUCIAIRE FERNAND FABER

Registre de Commerce et des Sociétés
B121640 - L150118611
enregistré et déposé le 07/07/2015

RCSL Nr. : B121640	Matricule : 2006 2230 534

BALANCE SHEET

Financial year from 01 01/01/2014 **to** 02 31/12/2014 *(in* 03 EUR *)*

PRECISION CAPITAL S.A.

15, Boulevard Roosevelt
L-2450 Luxembourg

ASSETS

		Reference(s)		Current year		Previous year
A. Subscribed capital unpaid	1101		101	142.600.000,00	102	142.600.000,00
I. Subscribed capital not called	1103		103		104	
II. Subscribed capital called but unpaid	1105		105	142.600.000,00	106	142.600.000,00
B. Formation expenses	1107		107		108	
C. Fixed assets	1109		109	1.645.835.586,62	110	1.645.827.979,32
I. Intangible fixed assets	1111		111		112	
1. Research and development costs	1113		113		114	
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115		115		116	
a) acquired for valuable consideration and need not be shown under C.I.3	1117		117		118	
b) created by the undertaking itself	1119		119		120	
3. Goodwill, to the extent that it was acquired for valuable consideration	1121		121		122	
4. Payments on account and intangible fixed assets under development	1123		123		124	
II. Tangible fixed assets	1125		125		126	
1. Land and buildings	1127		127		128	
2. Plant and machinery	1129		129		130	

		Reference(s)		Current year		Previous year
3. Other fixtures and fittings, tools and equipment	1131		131		132	
4. Payments on account and tangible fixed assets under development	1133		133		134	
III. Financial fixed assets	1135		135	1.645.835.586,62	136	1.645.827.979,32
1. Shares in affiliated undertakings	1137		137	1.645.835.586,62	138	1.645.827.979,32
2. Amounts owed by affiliated undertakings	1139		139		140	
3. Shares in undertakings with which the undertaking is linked by virtue of participating interests	1141		141		142	
4. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1143		143		144	
5. Securities and other financial instruments held as fixed assets	1145		145		146	
6. Loans and claims held as fixed assets	1147		147		148	
7. Own shares or own corporate units	1149		149		150	
D. Current assets	1151		151	72.180.403,25	152	49.043.017,28
I. Inventories	1153		153		154	
1. Raw materials and consumables	1155		155		156	
2. Work and contracts in progress	1157		157		158	
3. Finished goods and merchandise	1159		159		160	
4. Payments on account	1161		161		162	
II. Debtors	1163		163	39.972.216,42	164	6.325.255,35
1. Trade receivables	1165		165	330.050,00	166	292.100,00
a) becoming due and payable within one year	1167		167	330.050,00	168	292.100,00
b) becoming due and payable after more than one year	1169		169		170	
2. Amounts owed by affiliated undertakings	1171		171	33.414.009,87	172	
a) becoming due and payable within one year	1173		173	33.000.000,00	174	
b) becoming due and payable after more than one year	1175		175	414.009,87	176	
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177		177		178	
a) becoming due and payable within one year	1179		179		180	
b) becoming due and payable after more than one year	1181		181		182	

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		Reference(s)		Current year		Previous year
4. Other receivables	1183		183	6.228.156,55	184	6.033.155,35
a) becoming due and payable within one year	1185		185	1.760.310,90	186	1.442.367,09
b) becoming due and payable after more than one year	1187		187	4.467.845,65	188	4.590.788,26
III. Transferable securities and other financial instruments	1189		189		190	
1. Shares in affiliated undertakings and in undertakings with which the undertaking is linked by of participating interests	1191		191		192	
2. Own shares or own corporate units	1193		193		194	
3. Other transferable securities and other financial instruments	1195		195		196	
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand	1197		197	32.208.186,83	198	42.717.761,93
E. Prepayments	1199		199	42.381,38	200	13.981,81
TOTAL (ASSETS)			201	1.860.658.371,25	202	1.837.484.978,41

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LIABILITIES

		Reference(s)		Current year		Previous year
A. Capital and reserves	1301		301	1.859.659.181,95	302	1.829.577.123,34
I. Subscribed capital	1303		303	1.850.031.000,00	304	1.850.031.000,00
II. Share premium and similar premiums	1305		305		306	
III. Revaluation reserves	1307		307		308	
IV. Reserves	1309		309		310	
1. Legal reserve	1311		311		312	
2. Reserve for own shares or own corporate units	1313		313		314	
3. Reserves provided for by the articles of association	1315		315		316	
4. Other reserves	1317		317		318	
V. Profit or loss brought forward	1319		319	-20.453.876,66	320	-15.435.711,57
VI. Profit or loss for the financial year	1321		321	120.082.058,61	322	-5.018.165,09
VII. Interim dividends	1323		323	-90.000.000,00	324	
VIII. Capital investment subsidies	1325		325		326	
IX. Temporarily not taxable capital gains	1327		327		328	
B. Subordinated debts	1329		329		330	
1. Convertible loans	1413		413		414	
a) becoming due and payable within one year	1415		415		416	
b) becoming due and payable after more than one year	1417		417		418	
2. Non convertible loans	1419		419		420	
a) becoming due and payable within one year	1421		421		422	
b) becoming due and payable after more than one year	1423		423		424	
C. Provisions	1331		331	94.500,00	332	
1. Provisions for pensions and similar obligations	1333		333		334	
2. Provisions for taxation	1335		335		336	
3. Other provisions	1337		337	94.500,00	338	
D. Non subordinated debts	1339		339	904.689,30	340	7.907.855,07
1. Debenture loans	1341		341		342	
a) Convertible loans	1343		343		344	
i) becoming due and payable within one year	1345		345		346	
ii) becoming due and payable after more than one year	1347		347		348	

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		Reference(s)		Current year		Previous year
b) Non convertible loans	1349		349		350	
i) becoming due and payable within one year	1351		351		352	
ii) becoming due and payable after more than one year	1353		353		354	
2. Amounts owed to credit institutions	1355		355	2,99	356	2,93
a) becoming due and payable within one year	1357		357	2,99	358	2,93
b) becoming due and payable after more than one year	1359		359		360	
3. Payments received on account of orders as far as they are not deducted distinctly from inventories	1361		361		362	
a) becoming due and payable within one year	1363		363		364	
b) becoming due and payable after more than one year	1365		365		366	
4. Trade creditors	1367		367	580.892,29	368	434.823,07
a) becoming due and payable within one year	1369		369	580.892,29	370	434.823,07
b) becoming due and payable after more than one year	1371		371		372	
5. Bills of exchange payable	1373		373		374	
a) becoming due and payable within one year	1375		375		376	
b) becoming due and payable after more than one year	1377		377		378	
6. Amounts owed to affiliated undertakings	1379		379		380	
a) becoming due and payable within one year	1381		381		382	
b) becoming due and payable after more than one year	1383		383		384	
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385		385		386	
a) becoming due and payable within one year	1387		387		388	
b) becoming due and payable after more than one year	1389		389		390	
8. Tax and social security debts	1391		391	322.955,94	392	143.198,07
a) Tax debts	1393		393	308.938,20	394	133.506,30
b) Social security debts	1395		395	14.017,74	396	9.691,77

		Reference(s)		Current year		Previous year
9. Other creditors	1397		397	838,08	398	7.329.831,00
a) becoming due and payable within one year	1399		399	838,08	400	7.329.831,00
b) becoming due and payable after more than one year	1401		401		402	
E. Deferred income	1403		403		404	
TOTAL (LIABILITIES)			405	1.860.658.371,25	406	1.837.484.978,41

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PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2014 **to** 02 31/12/2014 *(in* 03 EUR *)*

PRECISION CAPITAL S.A.

15, Boulevard Roosevelt
L-2450 Luxembourg

A. CHARGES

		Reference(s)		Current year		Previous year
1. Use of merchandise, raw materials and consumable materials	1601		601	14.816,63	602	11.248,82
2. Other external charges	1603		603	3.441.897,78	604	5.126.877,94
3. Staff costs	1605		605	871.606,91	606	579.091,98
a) Salaries and wages	1607		607	744.096,93	608	519.437,45
b) Social security on salaries and wages	1609		609	69.592,33	610	52.162,05
c) Supplementary pension costs	1611		611	57.917,65	612	7.492,48
d) Other social costs	1613		613		614	
4. Value adjustments	1615		615		616	
a) on formation expenses and on tangible and intangible fixed assets	1617		617		618	
b) on current assets	1619		619		620	
5. Other operating charges	1621		621	119.850,00	622	25.363,00
6. Value adjustments and fair value adjustments on financial fixed assets	1623		623		624	
7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities	1625		625	0,01	626	0,11
8. Interest and other financial charges	1627		627	4.650,13	628	107.536,10
a) concerning affiliated undertakings	1629		629		630	
b) other interest and similar financial charges	1631		631	4.650,13	632	107.536,10

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	Reference(s)		Current year		Previous year
9. Share of losses of undertakings accounted for under the equity method	1649	649		650	
10. Extraordinary charges	1633	633	1.502,10	634	0,05
11. Income tax	1635	635	3.210,00	636	3.210,00
12. Other taxes not included in the previous caption	1637	637	164.000,00	638	62,00
13. Profit for the financial year	1639	639	120.082.058,61	640	0,00
TOTAL CHARGES		641	124.703.592,17	642	5.853.390,00

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B. INCOME

		Reference(s)		Current year		Previous year
1. Net turnover	1701		701	1.167.991,00	702	734.000,00
2. Change in inventories of finished goods and of work and contracts in progress	1703		703		704	
3. Fixed assets under development	1705		705		706	
4. Reversal of value adjustments	1707		707		708	
a) on formation expenses and on tangible and intangible fixed assets	1709		709		710	
b) on current assets	1711		711		712	
5. Other operating income	1713		713		714	14.775,00
6. Income from financial fixed assets	1715		715	123.104.319,70	716	
a) derived from affiliated undertakings	1717		717	123.104.319,70	718	
b) other income from participating interests	1719		719		720	
7. Income from financial current assets	1721		721		722	
a) derived from affiliated undertakings	1723		723		724	
b) other income from financial current assets	1725		725		726	
8. Other interest and other financial income	1727		727	431.281,47	728	86.449,55
a) derived from affiliated undertakings	1729		729		730	
b) other interest and similar financial income	1731		731	431.281,47	732	86.449,55
9. Share of profits of undertakings accounted for under the equity method	1745		745		746	
10. Extraordinary income	1733		733		734	0,36
13. Loss for the financial year	1735		735	0,00	736	5.018.165,09
TOTAL INCOME			737	124.703.592,17	738	5.853.390,00

Notes to the annual accounts

Note 1 – General

Precision Capital S.A. (hereafter "Precision Capital" or the "Financial Holding") is a public limited liability company under Luxembourg law incorporated in Luxembourg on 14 November 2006 and has its registered office at 15, boulevard Roosevelt, L-2450 Luxembourg.

As of 31 December 2014 Precision Capital holds participations in two affiliated companies:

- KBL European Private Bankers S.A. (hereafter "KBL epb"), an international network of banks and financial companies, specialized in private banking.

  As of 31 July 2012, KBC Group and Precision Capital finalised the agreement on the acquisition of 99.91% of KBL epb, after having obtained the authorization from the supervisory authorities concerned, for a total consideration of EUR 1,002.1 million.

- Banque Internationale à Luxembourg S.A. (hereafter "BIL"), which operates retail banking, private banking, corporate banking and financial market businesses mainly in Luxembourg.

  As of 5 October 2012, Dexia S.A., Precision Capital and the Grand Duchy of Luxembourg finalised the closing of the acquisition of 99.906% of the share capital of BIL for a total consideration amount of EUR 730 million. In this transaction, Precision Capital acquired 89.92% of Dexia S.A.'s shares in BIL for EUR 657 million. In 2013, the purchase price has been reviewed downwards to EUR 643.6 million in reference to some articles of the Share Purchase Agreement. Also during the year 2013, Precision Capital acquired some shares of BIL from minority shareholders, increasing its percentage of holding from 89.92% to 89.93%. During the year 2014, Precision Capital acquired some shares of BIL from minority shareholders and sold some of the shares to the Grand Duchy of Luxembourg to maintain current ownership balance unchanged.

KBL epb and BIL's consolidated accounts are consolidated in Precision Capital's consolidated accounts. Precision Capital's consolidated accounts and consolidated management report are available at its head office at 15, boulevard Roosevelt L-2450 Luxembourg.

Precision Capital is a wholly-owned subsidiary of Pioneer Holding S.A., a Luxembourg entity, which produces consolidated accounts available at its head office.

Note 2a – Statement of compliance

The annual accounts presented in this report were approved by the Board of Directors of Precision Capital on 3 June 2015.

The annual accounts have been prepared for the first time as of 31 December 2012 in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The annual accounts are prepared on a going concern basis.

In preparing the annual accounts under IFRS, the Board of Directors is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the annual accounts.

Notes to the annual accounts (continued)

Note 2a – Statement of compliance (continued)

Precision Capital has decided not to early adopt the standards, amendments to standards and interpretations of the IFRIC which have been published but are not applicable for the year ended 31 December 2014. Precision Capital will adopt these standards on the date of their effective application and when they will be approved by the European Union.

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective for Precision Capital as of 1 January 2014 (for the avoidance of doubt, only the new standards, amendments to standards and IFRIC which may have an effect on Precision Capital's annual accounts are mentioned below):

- *Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32*
  These amendments – which are to be applied retrospectively – clarify the meaning of 'currently has a legal enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. The amendments have had no impact on the Financial Holding's financial position and performance.

- *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets – Amendment to IAS 36*
  These amendments remove the unintended consequences of IFRS 13, Fair Value Measurement, on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The amendments have had no impact on the Financial Holding's financial position and performance. The amendments have had no impact on the Financial Holding's financial position and performance.

  The Financial Holding has also decided not to early adopt the standards, amendments to standards and interpretations of the IFRIC which have been published but are not applicable to Precision Capital for the year ending 31 December 2014. Precision Capital will adopt these standards on the date of their effective application and when they will be approved by the European Union.

  This basically concerns the following publications (only the standards, amendments to standards and IFRIC which may have an effect on the Financial Holding's financial position or performance are mentioned below):

- *IFRS 9 – Financial Instruments*
  In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 – Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.
  Based on the preliminary analyses performed, the adoption of the new standard will mainly affect the classification and measurement of the Financial Holding financial assets and the computation of impairment losses. Further analyses will however have to be carried on in order to quantify the impact of the whole standard on the Financial Holding's financial position and performance.

Note 2a – Statement of compliance (continued)

- *Annual improvements to IFRS – 2011-2013 Cycle*
  The annual improvement process amends four standards. However, no amendment is expected to significantly affect the Financial Holding's financial position and performance. The improvements – most of which are to be applied for annual periods beginning on or after 1 July 2014 – notably include:

- *IFRS 15 – Revenue from Contracts with Customers*
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue.
  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.
  The amendment thus had no impact on the Financial Holding's financial position and performance.

Note 2b – Significant accounting policies

a. Foreign currencies translation

The annual accounts of Precision Capital are presented in euro (EUR), which is also the functional currency of the Financial Holding.

The Financial Holding maintains a multi-currency accounting system under which any transaction is registered in its original foreign currency.

In preparing the annual accounts, assets and liabilities in foreign currencies are translated into EUR according to the following principles:

- monetary items denominated in foreign currencies are converted at the closing rates prevailing at the closing date; differences arising from such conversion are recorded in the income statement;
- non-monetary items in foreign currencies which are measured at historical cost are translated into EUR using the historical exchange rates prevailing at the date of the transactions;
- non-monetary items denominated in foreign currencies which are measured at fair value are translated using the spot exchange rates at the date when the fair value is determined and translation differences are reported together with changes in fair value.

Income and expense items denominated in foreign currencies are recognised in the income statement using exchange rates prevailing at the dates of the transactions (e.g. average monthly exchange rates).

b. Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset (and consequently, only the net amount is reported) when the Financial Holding has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Note 2b – Significant accounting policies (continued)

c. Financial assets and liabilities

(i) General principles of recognition and derecognition of financial instruments

A financial instrument is recognised in the balance sheet when and only when the Financial Holding becomes a party to the contractual provisions of the instrument.

A financial asset is derecognised when and only when the contractual rights to receive cash flows from the asset have expired or the Financial Holding transfers the financial asset.

A financial liability is derecognised when and only when the contractual liability is settled, cancelled or expired.

The purchases and sales of financial assets are recognised on the payment date, which is the date on which the asset is delivered. Any variation in the fair value of the asset to be received during the period from the transaction date to the payment date is recognised in the same way as for the asset acquired. In other words, the change in value is not recognised for assets recognised at cost or at amortised cost; it is recognised in the income statement for assets classified as financial assets at fair value through profit or loss and in equity for those classified as available-for-sale.

In the case of sales, the assets at fair value are measured at their sale price during the period between the transaction date and the payment date.

Pursuant to the provisions of IAS 39 on derecognition, the Financial Holding keeps securities lent in its securities portfolio but securities borrowed are not recorded on the balance sheet.

Similarly, the securities transferred through repurchase agreements are kept in the securities portfolio but those under reverse repurchase agreements are not recorded on the balance sheet.

(ii) Definition of IAS 39 categories of financial assets and financial liabilities

All financial assets and liabilities – including derivatives – must be measured on the balance sheet according to their IAS 39 category. Each category is subject to specific measurement rules.

The IAS 39 categories are the following:

- *Held-to-maturity investments* are all non-derivative financial assets with fixed maturities and fixed or determinable payments that the Financial Holding intends and is able to hold to maturity.

- *Loans and receivables* are all non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

- *Financial assets at fair value through profit or loss* include *held-for-trading assets* and any other financial assets initially designated at fair value through profit or loss. Held-for-trading assets are those acquired principally for the purpose of selling them in the near term and those which are part of a portfolio with indications of recent short-term profit-taking. All derivative assets are considered as being held for trading unless designated as effective hedging instruments.

  Other assets designated at fair value through profit or loss (frequently referred to as 'the fair value option') are valued in the same way as held-for-trading assets, even if there is no intention of short-term profit taking.

- *Available-for-sale financial assets* are all non-derivative financial assets which do not fall into one of the above categories.

Note 2b – Significant accounting policies (continued)

- *Financial liabilities at fair value through profit or loss* encompass *held-for-trading liabilities* and financial liabilities initially designated at fair value through profit or loss.
  Held-for-trading liabilities are liabilities held mainly with the intention of repurchasing them in the near term. All derivative liabilities are considered as being held for trading unless designated as effective hedging instruments.
  Financial liabilities initially designated at fair value through profit or loss are accounted for under the 'fair value option'. This category is currently used to eliminate or significantly reduce accounting mismatches and for the unit-linked financial liabilities of insurance subsidiaries.

- *Other financial liabilities* are all other financial instruments not at fair value through profit or loss.

- *Hedging derivatives* are the derivatives designated in hedging relationships for which hedge accounting is applied.

(iii) Evaluation of financial instruments

Financial assets and liabilities are initially recognised at fair value and are then measured in accordance with the principles governing the IAS 39 category in which they are placed.

- **General principles**

Held-to-maturity assets and *Loans and receivables* with a fixed maturity are measured at amortised cost using the effective interest rate (hereinafter "EIR") method, that is the rate that precisely discounts the future cash inflows or outflows to obtain the carrying amount. Loans and receivables without a fixed maturity are measured at cost.

The *available-for-sale financial assets* are measured at fair value with changes in fair value recognised in equity ('Revaluation reserve (available-for-sale financial instruments)') until the sale or impairment of these instruments. In the latter cases, the cumulative result of the revaluation is transferred from equity to the income statement of the period.

In accordance with IAS 27, the participations in the consolidated entities are recorded at cost less impairment.

The *financial assets and liabilities at fair value through profit or loss* are measured at fair value with changes in fair value recognised in the income statement.

Other financial liabilities are measured at amortised cost. The difference between the amount made available and the nominal amount is recognised in the income statement (net interest income) *prorata temporis*, on an actuarial basis using the EIR method.

Note 2b – Significant accounting policies (continued)

- Determination of fair value

When available, published price quotations on active markets are used to determine the fair value of financial assets or liabilities.

If such quotations are not available fair value can be obtained:

- by reference to recent 'at arm's length' market transactions between knowledgeable, willing parties;
- by using a valuation technique (e.g. discounted cash flow analysis and option pricing models). The valuation technique must incorporate all factors that market participants would consider in setting a price and be consistent with accepted financial methodologies used for pricing financial instruments. Methodologies developed through valuation techniques make maximum use of relevant inputs observable on the market and rely as little as possible on unobservable inputs;
- by using the European Venture Capital Association (EVCA) guidance for private equity instruments.

- **Impairment**

"Available-for-sale" financial assets, "held-to-maturity investments" and "loans and receivables" are also subject to impairment tests and impairment losses are recognised if evidence of impairment exists on the balance sheet date.

- *Available-for-sale financial assets*
  For listed shares, any significant or prolonged decline in their price compared to the acquisition cost is considered as an objective evidence of impairment. For debt and other equity instruments, the impairment amount is measured from the recoverable value.
  Impairment losses are always recognised in the income statement. Impairment reversals are recognised in the income statement for debt instruments and in other comprehensive income (available-for-sale revaluation reserve) for listed shares and other equity instruments.

- *Held-to-maturity investments and Loans and receivables*
  The amount of the impairment loss is the excess of the carrying amount over the recoverable amount of the asset. The Financial Holding firstly evaluates if there is an impairment loss for each individually significant item or for each group of items not individually significant. If the Financial Holding considers that there is no evidence of an impairment loss for a given asset, individually significant or not, it includes it in a group of financial assets presenting the same credit risk characteristics and examines the possibility of an impairment loss on a collective basis. The assets evaluated individually and for which an impairment loss is recognised are not examined collectively.

d. Provisions

A provision is recognised when and only when the following three conditions are met:

- the Financial Holding has a present obligation (at the reporting date) as a result of a past event;
- it is more likely than not that an outflow of resources embodying economic benefits will be required to settle this obligation; and
- the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The discount rate is the pre-tax rate that reflects current market assessments of the time value of money.

Note 2b – Significant accounting policies (continued)

Provisions on loan commitments are recognized when there is uncertainty about the creditworthiness of the counterpart.

e. Equity

Equity is the residual interest in the assets of the Financial Holding after all its liabilities have been deducted.

Equity instruments have been differentiated from financial instruments in accordance with the provisions of IAS 32.

The revaluation reserve for available-for-sale financial assets is included in equity until any impairment or sale. In such a case, the gains and losses are transferred to the income statement of the period.

f. Revenue

The Financial Holding recognises revenue relating to ordinary activities if and only if the following conditions are met:

- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the amount of revenue can be measured reliably.

The specific conditions below must also be met before recognising the related revenue:

- **Net interest income**

Interest is recognised *prorata temporis* using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

All interest paid and received on financial instruments are recorded under the heading "Net interest income" except interest on held-for-trading derivative instruments, which are presented under the heading "Net gains/losses on financial instruments measured at fair value through profit or loss" in the income statement.

- **Dividends**

Dividends are recognised when the right of the shareholders to receive the payment is established. They are presented under the heading "Dividend income" in the income statement irrespective of the IFRS category of the related assets.

- **Rendering of services**

Revenues from services are recognised by reference to the stage of completion at the balance sheet date. Accordingly, the revenue is recognised in the periods when the services are provided.

Note 3 – Net interest income

(in EUR thousands)	31/12/2014	31/12/2013
Breakdown by portfolio		
Interest income	425	3
Available-for-sale financial assets	-	-
Loans and receivables	425	3
Interest expense	-	-
Financial liabilities at amortised cost	-	-
Net interest income	425	3

Note 4 – Dividend income

(in EUR thousands)	31/12/2014	31/12/2013
Available-for-sale equity instruments	123,104	-
Total	**123,104**	-

Note 5 – Net realised gains/losses on financial assets and liabilities not measured at fair value through profit or loss

(in EUR thousands)	31/12/2014	31/12/2013
Available-for-sale financial assets	-	-
Debt instruments	-	-
Equity instruments	-	-
Loans and receivables	-	-
Other	2	-24
Total	**2**	**-24**

Notes to the annual accounts (continued)

Note 6 – Net fee and commission income

(in EUR thousands)	31/12/2014	31/12/2013
Fee and commission income	**1,168**	734
Asset management	-	-
Securities transactions	-	-
Other	1,168	734
Fee and commission expense	-	-
Asset management	-	-
Securities transactions	-	-
Other	-	-
Total	**1,168**	**734**

Note 7 – Operating expenses

Operating expenses include staff costs, general administrative expenses and changes in provisions.

General administrative expenses include in particular the remuneration of intermediaries and advertising expenses.

(in EUR thousands)	31/12/2014	31/12/2013
Staff expenses	-872	-579
General administrative expenses	-3,742	-5,164
Other	-	15
Total	**-4,614**	**-5,728**

For the year ended 31 December 2014, the general administrative expenses are mainly composed of lawyer fees for EUR 1.8 million and of the remuneration of intermediaries for EUR 1.2 million.

For the year ended 31 December 2013, the general administrative expenses are mainly composed of lawyer fees for EUR 2.7 million and of the remuneration of intermediaries for EUR 1.7 million, still in the context of the acquisition of affiliated companies in 2012.

Note 8 – Staff

	31/12/2014	31/12/2013
Total average number of persons employed (in full-time equivalents - FTE)	**6**	**5**

Notes to the annual accounts (continued)

Note 9 – Income tax

(in EUR thousands)	31/12/2014	31/12/2013
Breakdown by type		
Current tax	-3	-3
Deferred tax	-	-
Total	**-3**	**-3**

(in EUR thousands)	31/12/2014	31/12/2013
Breakdown by major components:		
Profit before tax	120,085	-5,015
Luxembourg income tax rate	29.22%	29.22%
Income tax calculated at the Luxembourg income tax rate	**-35,089**	**1,465**
Plus/minus tax effects attributable to:		
Differences in tax rates, Luxembourg – abroad	-	-
Tax-free income	35,971	-
Other non-deductible expenses	-	-
Adjustments related to prior years	-	-
Adjustments to opening balance due to tax rate change	-	-
Unused tax losses and tax credits	-885	-1,468
Other	-	-
Income tax adjustments	**35,086**	**-1,468**
Total	**-3**	**-3**

Notes to the annual accounts (continued)

Note 10 – Classification of financial instruments: breakdown by portfolio and by product

- Financial instruments are classified into several categories ("portfolios"). Details of these various categories and the valuation rules linked to them are given in Note 2b, point c, dealing with financial assets and liabilities (IAS 39).
- The balance sheet analyses below have been conducted at the clean price. Thus the interest accrued is presented separately, except for trading derivatives, which are presented at the dirty price.

CARRYING AMOUNT
(in EUR thousands)

31/12/2014

ASSETS	Available-for-sale (AFS) financial assets	Loans and receivables (L&R)	Total
Loans and advances to credit institutions	-	32,208	32,208
Loans and advances other than with credit institutions	-	37,882	37,882
Consumer credits	-	-	-
Mortgage loans	-	-	-
Term loans	-	-	-
Finance leasing	-	-	-
Current accounts	-	-	-
Securitized loans	-	-	-
Other	-	37,882	37,882
Equity instruments	1,645,836	-	1,645,836
			-
Debt instruments	-	-	-
Government bodies	-	-	-
Credit institutions	-	-	-
Corporates	-	-	-
Financial derivatives	-	-	-
Total	1,645,836	70,090	1,715,926
Of which reverse repos	-	-	-

Notes to the annual accounts (continued)

Note 10 – Classification of financial instruments: breakdown by portfolio and by product (continued)

CARRYING AMOUNT
(in EUR thousands)

31/12/2013

ASSETS	Available-for-sale (AFS) financial assets	Loans and receivables (L&R)	Total
Loans and advances to credit institutions	-	42,718	42,718
Loans and advances other than with credit institutions	-	4,591	4,591
Consumer credits	-	-	-
Mortgage loans	-	-	-
Term loans	-	-	-
Finance leasing	-	-	-
Current accounts	-	-	-
Securitized loans	-	-	-
Other	-	4,591	4,591
Equity instruments	1,645,828	-	1,645,828
			-
Debt instruments	-	-	-
Government bodies	-	-	-
Credit institutions	-	-	-
Corporates	-	-	-
Financial derivatives	-	-	-
Total	1,645,828	47,309	1,693,137
Of which reverse repos	-	-	-

Notes to the annual accounts (continued)

Note 10 – Classification of financial instruments: breakdown by portfolio and by product (continued)

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table summarises the carrying amounts and fair values of the financial assets not measured at fair value, excluding consolidated entities.

	Carrying amount		Fair value	
(in EUR thousands)	31/12/2014	31/12/2013	31/12/2014	31/12/2013
ASSETS				
Loans and advances to credit institutions	32,208	42,718	32,208	42,718
Loans and advances to other than credit institutions	37,882	4,591	37,882	4,591

FAIR VALUE HIERARCHY

Precision Capital uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) price in active market for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Notes to the annual accounts (continued)

Note 10 – Classification of financial instruments: breakdown by portfolio and by product (continued)

(in EUR thousands)

31/12/2014	Level 1	Level 2	Level 3	Total
ASSETS				
Available-for-sale	-	-	-	-
Equity instruments (excluding instruments at cost)	-	-	-	-
Debt instruments	-	-	-	-
Total	-	-	-	-

(in EUR thousands)

31/12/2013	Level 1	Level 2	Level 3	Total
ASSETS				
Available-for-sale	-	-	-	-
Equity instruments (excluding instruments at cost)	-	-	-	-
Debt instruments	-	-	-	-
Total	-	-	-	-

Level 3 items measured at fair value

During the years ended 31 December 2014 and 2013, no financial assets and liabilities were classified in level 3 category.

Level 1 and level 2 items measured at fair value

During the years ended 31 December 2014 and 2013, no financial assets and liabilities were classified neither in level 1 category, nor in level 2 category.

Note 11 – Available-for-sale financial assets and Loans and receivables: breakdown by portfolio and quality

(in EUR thousands)	Available-for-sale (AFS) financial assets	Loans and receivables (L&R)	Total
31/12/2014			
Unimpaired assets	1,645,836	70,090	**1,715,926**
Impaired assets	-	-	-
Impairment	-	-	-
Total	**1,645,836**	**70,090**	**1,715,926**

(in EUR thousands)	Available-for-sale (AFS) financial assets	Loans and receivables (L&R)	TOTAL
31/12/2013			
Unimpaired assets	1,645,828	47,309	**1,693,137**
Impaired assets	-	-	-
Impairment	-	-	-
Total	**1,645,828**	**47,309**	**1,693,137**

Notes to the annual accounts (continued)

Note 12 – Financial assets and liabilities: breakdown by portfolio and residual maturity

(in EUR thousands)	Available-for-sale (AFS) financial assets	Loans and receivables (L&R)	Total
ASSETS			
31/12/2014			
Less than or equal to 1 year	-	70,090	**70,090**
More than 1 but less than or equal to 5 years	-	-	-
More than 5 years	-	-	-
Indefinite period	1,645,836	-	**1,645,836**
Derivatives	-	-	-
Total	**1,645,836**	**70,090**	**1,715,926**
31/12/2013			
Less than or equal to 1 year	-	47,309	**47,309**
More than 1 but less than or equal to 5 years	-	-	-
More than 5 years	-	-	-
Indefinite period	1,645,828	-	**1,645,828**
Derivatives	-	-	-
Total	**1,645,828**	**47,309**	**1,693,137**

Notes to the annual accounts (continued)

Note 13 – Other assets

As at 31 December 2014 and 2013, an amount of EUR 142.6 million of subscribed capital but uncalled and unpaid is reported under this heading (see Note 16).

Note 14 – Provisions

Changes (in EUR thousands)	Pending legal disputes	Operational losses	Other provisions	Total
Balance as at 01/01/2014	-	-	-	-
Changes affecting the income statement	-	-	95	**95**
Allowances	-	-	95	**95**
Reversals	-	-	-	-
Other changes	-	-	-	-
Balance as at 31/12/2014	-	-	**95**	**95**

Changes (in EUR thousands)	Pending legal disputes	Operational losses	Other provisions	Total
Balance as at 01/01/2013	-	-	**15**	**15**
Changes affecting the income statement	-	-	-15	**-15**
Allowances	-	-	-	-
Reversals	-	-	-15	**-15**
Other changes	-	-	-	-
Balance as at 31/12/2013	-	-	-	-

Provisions for pending legal disputes: provisions recorded to cover legal disputes with private and professional counterparties, including lawyers' fees.

Operational losses: provisions to cover operational dysfunctions for which the responsibility is not determined at the closing date.

Other provisions: other provisions than the above-mentioned provisions.

Note 15 – Other liabilities

As at 31 December 2014, the caption "Other liabilities" is mainly composed of advisory fees (legal, accounting....) and VAT payable.

As at 31 December 2013, the caption "Other liabilities" was mainly composed of an amount of EUR 7.33 million payable to Dexia S.A. in relation to the clauses of the Share Purchase Agreement related to the acquisition of BIL in 2012 and of advisory fees (legal, accounting....) payable.

Note 16 – Equity

As at 16 March 2012, the General Shareholder's meeting of Precision Capital approved the resolution to increase the subscribed capital by an amount of EUR 1,050 million by the creation and issue of 10,500,000 new shares with par value of EUR 100 each, having the same rights and privileges as the existing shares. All these new shares have been subscribed and fully paid up by the sole shareholder of Precision Capital.

As at 26 September 2012, the General Shareholder's meeting of Precision Capital approved the resolution to increase the subscribed capital by an amount of EUR 800 million by the creation and issue of 8,000,000 new shares with par value of EUR 100 each, having the same rights and privileges as the existing shares. All these new shares have been subscribed by the sole shareholder of Precision Capital and partly paid up by way of a contribution in cash of EUR 657.4 million. As at 31 December 2014 and 2013, uncalled and unpaid subscribed capital amounted to EUR 142.6 million.

As at 31 December 2014 and 2013, the authorized and subscribed capital of Precision capital amounts to EUR 1,850,031,000, of which EUR 1,707,431,000 paid up (see Note 13), represented by 18,500,310 shares with par value of EUR 100 each.

Note 17 – Result allocation proposal

An interim dividend of EUR 90 million has been distributed as of 23 December 2014.

At its meeting on 3 June 2015, the Board of Directors proposes to allocate the profit for the year ended 31 December 2014, amounting to EUR 120,082,058.61 as follows:

Legal reserve	4,981,409.10
Dividend	90,000,000.00
Retained earnings	25,100,649.51

This result allocation proposal will be submitted to the approval of the Annual General Meeting of Shareholders to be held on 19 June 2015.

Note 18 – Loans commitments, financial guarantees and other commitments (in EUR thousands)

	31/12/2014	31/12/2013
Confirmed credits, unused	-	-
Financial guarantees given (1)	78,000	78,000
Other commitments (securities issuance facilities, spot transaction settlement, etc.)	-	-
Total	**78,000**	**78,000**

(1) By virtue of the Share Purchase Agreement related to the acquisition of one of its subsidiaries closed in 2012, Precision Capital benefits from a specific indemnity, for an aggregate amount of EUR 78 million under certain conditions. Precision Capital committed in 2013 to unconditionally contribute this guarantee to the subsidiary in question.

Notes to the annual accounts (continued)

Note 19 – Related parties transactions

"Related parties" refers to the parent company of Precision Capital, its subsidiaries and key management personnel. Transactions with related parties are carried out under conditions equivalent to those applicable to transactions subject to conditions of normal competition.

(in EUR thousands)	31/12/2014	31/12/2013
FINANCIAL ASSETS	**1,684,973**	**1,662,189**
of which financial assets with Pioneer Holding S.A.(1)	*37,882*	*4,591*
with KBL epb Group	*1,003,355*	*1,013,870*
with BIL Group	*643,736*	*643,728*
Breakdown by portfolios	**1,684,973**	**1,662,189**
Available-for-sale financial assets	*1,645,836*	*1,645,828*
Loans and receivables	*39,137*	*16,361*
FINANCIAL GUARANTEES GIVEN	**78,000**	**78,000**
of which financial guarantees given in favour of one subsidiary	*78,000*	*78,000*
INCOME STATEMENT	**124,697**	-
of which income statement with Pioneer Holding S.A.	*414*	-
with KBL epb Group	*34,217*	-
with BIL Group	*90,066*	-
Breakdown	**124,697**	-
Net interest income	*425*	-
Dividend income	*123,104*	-
Other	*1,168*	-

(1) including in 2013 a current account advance of the ultimate shareholder of EUR 4.6 million and including in 2014 a current account advance of the ultimate shareholder of EUR 4.5 million as well as a short-term loan of EUR 33 million and related accrued interest.

Note 20 – Maximum credit risk exposure and collateral received to mitigate the risk
Maximum credit risk exposure

(in EUR thousands)	31/12/2014	31/12/2013
Assets	**1,860,659**	**1,837,484**
Financial assets	1,715,926	1,693,137
Held-for-trading	-	-
Available-for-sale financial assets	1,645,836	1,645,828
Loans and receivables	70,090	47,309
Other assets	144,733	144,347
Off-balance sheet items	**78,000**	**78,000**
Loans commitments	-	-
Financial guarantees	78,000	78,000
Other commitments (securities issuance facilities, spot transaction settlement, etc.)	-	-
Maximum credit risk exposure	**1,938,659**	**1,915,484**

For the instruments measured at fair value, the amounts disclosed above represent the current credit risk exposure and not the maximum credit risk that could apply as a consequence of future changes in the estimates made.

Collateral received to mitigate the maximum exposure to credit risk

(in EUR thousands)	31/12/2014	31/12/2013
Equity	-	-
Debt instruments	-	-
Loans and advances	-	-
of which designated at fair value	-	-
Derivatives	-	-
Other (including guarantees)	78,000	78,000
Collateral received to mitigate the maximum exposure to credit risk	**78,000**	**78,000**

Note 21 – Risk management

Risk management is assumed at the level of each of the two sub-group held by Precision Capital, BIL and KBL epb. Therefore quantitative and qualitative information relating to BIL and KBL epb risk management are reported in the respective consolidated financial statements of these subsidiaries. This also applies to so-called Pillar III reporting, which is not published on a consolidated basis by PC, but is available for both banks on their internet sites (respectively www.bil.com and www.kbl.lu) under the financial information sections.

Notes to the annual accounts (continued)

Note 21 – Risk management (continued)

Credit risk

As at 31 December 2014 and 2013, the credit risk of Precision Capital is mainly impacted by the evolution of the credit risk of its two subsidiaries. Quantitative and qualitative information relating to BIL and KBL epb credit risk are reported in the respective consolidated financial statements of these subsidiaries.

Market risk

As at 31 December 2014 and 2013, the interest rate risk of Precision Capital is limited.

As at 31 December 2014 and 2013, the financial assets are only composed of assets denominated in EUR which are financed by capital increases in EUR.

Liquidity risk

As at 31 December 2014 and 2013, the liquidity risk of Precision Capital is limited; the funding of KBL epb and BIL acquisition is ensured by successive capital increases subscribed by the sole shareholder of the Financial Holding.

Note 22 – Audit fees

(in EUR thousands)	31/12/2014	31/12/2013
Standard audit services	108	105
Audit related services	-	-
Tax services	-	-
Other services	26	15
Total	**134**	**120**

Note 23 – List of subsidiaries

As at 31 December 2014, the list of subsidiaries is as follows:

SUBSIDIARIES			
KBL European Private Bankers S.A.	Luxembourg	99.91%	Bank
Banque Internationale à Luxembourg S.A.	Luxembourg	89.93%	Bank

During the year 2014, Precision Capital acquired some shares of BIL from minority shareholders and also sold some of the shares of BIL to the Grand Duchy of Luxembourg to maintain the current ownership balance unchanged.

Note 24 – Events after balance sheet date

There was, after the closing date, no significant event requiring an update of the provided information or adjustments to the annual accounts as at 31 December 2014.

PRECISION CAPITAL S.A.
Public Company
Registered office: 15, boulevard Roosevelt L-2450 LUXEMBOURG
R.C.S. LUXEMBOURG B-121.640

MANAGEMENT REPORT TO THE ANNUAL ACCOUNTS

Key events

As of 31 December 2014, Precision Capital still holds the participation in two affiliated companies:

- KBL European Private Bankers S.A. (hereafter "KBL epb"), an international network of banks and financial companies, specialized in private banking. As of 31 July 2012, KBC Group and Precision Capital finalised the agreement on the acquisition of 99.91% of KBL epb, after having obtained the authorization from the supervisory authorities concerned, for a total consideration of EUR 1,002.1 million.

- Banque Internationale à Luxembourg S.A. (hereafter "BIL"), which operates in retail banking, private banking, corporate banking and financial market businesses mainly in Luxembourg. As of 5 October 2012, Dexia S.A., Precision Capital and the Grand Duchy of Luxembourg finalised the closing of the acquisition of 99.906% of the share capital of BIL for a total consideration amount of EUR 730 million. In this transaction, Precision Capital acquired 89.92% of Dexia S.A.'s shares in BIL for EUR 657 million. The purchase price has been reviewed downwards in 2013 to EUR 643.6 million. Also during the year 2013, Precision Capital acquired some shares of BIL from minority shareholders, increasing its percentage of holding from 89.92% to 89.93%. Further, during the year 2014 Precision Capital continued to acquire some shares of BIL from minority shareholders and sold some of the share of BIL to the Grand Duchy of Luxembourg, to maintain the current ownership balance unchanged.

As at 31 December 2014, the authorized and subscribed capital of Precision capital amounts to EUR 1,850,031,000, of which EUR 1,707,431,000 are paid up, represented by 18,500,310 shares with par value of EUR 100 each.

General comments on the result and on the balance sheet

The profit for the year ended 31 December 2014 amounts to EUR 120,082,058.61 compared to a loss of EUR 5,018,165.09 as at 31 December 2013.

This variation is mainly explained by the receipt of dividends from both subsidiaries "KBL epb" and "BIL" for a total amount of EUR 123,104,319.70. Further, Precision Capital decided at the end of the year 2014 to distribute an interim dividend amounting to EUR 90,000,000.00 to its sole shareholder.

As at 31 December 2014, the total balance sheet amounts to EUR 1,861 billion (EUR 1,837 billion in 2013).

Other information

As at 31 December 2014, Precision Capital has no branch.

During the year ended 31 December 2014, Precision Capital did not acquire any of its own shares and did not have any Research and Development activity.

Luxembourg, 3 June 2015